

**RECORD VERSION**

**STATEMENT BY**

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**BEFORE THE**

**COMMITTEE ON GOVERNMENT REFORM  
UNITED STATES HOUSE OF REPRESENTATIVES**

**ON THE RECONSTRUCTION EFFORTS IN IRAQ**

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Mr. Chairman and Members of the Committee, good morning. I am J. Joseph Tyler, Acting Deputy Director of Military Programs, U. S. Army Corps of Engineers. Military Programs provides oversight and reach-back support to the Gulf Region Division for all USACE activities in Iraq. It is an honor to address you today.

Support to this country's Global war on Terror continues to be the Corps of Engineers number one priority. To date, the Corps has had approximately 3300 personnel deployments in support of the Global War on Terror with many people volunteering for more than one deployment. These deployments range from 120 days to a year or more. Primarily civilian volunteers, these men and women work in Iraq, Afghanistan and Kuwait in support of the reconstruction effort.

The successful deployment of civilians to Iraq has shown that USACE peace-time training, Civil Works and Military Programs missions and our response to natural disasters has prepared the civilian workforce to support a contingency operation in a military environment. Although only about 10% of our civilian employees have actually deployed, many others have assumed the responsibilities of their deployed co-workers or have provided direct support through our reach-back efforts. This reach-back program allows us to utilize the experience and knowledge of our 34,000 civilian employees virtually, expanding our capabilities and making our expertise available to the operation while reducing the number of personnel in harms way.

The Gulf Region Division (GRD) Office, and three District Offices located in Tikrit, Baghdad, and Tallil are currently assigned 494 US personnel and 473 local nationals for a total of 967 personnel.

Corps employees have filled vital positions in the Program Management Office (PMO)/Project and Contracting Office (PCO) from its inception in the Fall of 2003. When GRD stood up in January 2004, we teamed with PMO/PCO to become their

Construction Manager. Then recently, when the majority of effort shifted from programming and planning to construction management, GRD and PCO merged into a single organization that will officially commence operations on 1 October 2006.

Together over the past three years PCO and GRD have completed 3,106 construction projects at a cost of roughly 4.1 billion dollars out of a total planned program of 4,463 projects estimated to cost almost 8.5 billion dollars. There are 817 projects currently under construction leaving approximately 534 projects that will be started within the next few months. The types of projects range from small relatively simple renovations to large complex construction programs.

To date, these projects have delivered 11 refurbished hospitals that can serve a total of 6,300 patients a day, provided water treatment capacity that can serve 1.5 million Iraqis, added, rehabilitated or maintained over 1,420 Megawatts to the power grid, increased crude oil production capacity by 300,000 barrels per day, and provided 320,000 grade school students with improved schools.

The Corp's quality assurance program is designed to oversee the contractor's quality control program. Project and field office staffing varies based on the complexity of the project and the project funding available to pay for the Corp's services. The dangerous environment in Iraq makes it extremely difficult for GRD to provide quality assurance and project oversight on all projects at all times, and certainly not at the same level as we would in a secure environment.

One Project Engineer traveling outside secure areas requires a security team. The trade-off for spending more time on each project is higher security costs. The challenge is to provide acceptable quality and oversight while minimizing the dollars spent on security. Every dollar spent on security is one less dollar available for reconstruction. Additionally an American engineer traveling with a large security team

lets everyone know that the project is being built by the Americans. This puts the contractor and the facility at risk. These risks are further magnified if the prime contractor is an American contractor. Contractors and subcontractors face intimidation and violence on a daily basis.

We have successfully developed processes and methods to mitigate security risks while still providing quality assurance services. One method is hiring and training Iraqis to visit the construction sites and report back with their observations. They take pictures and notes which can be reviewed by the USACE expert in the secure area. This reduces costs and our security footprint while providing acceptable construction results, training Iraqis and accomplishing capacity building.

The majority of our projects have been completed successfully with good quality. Some have been more challenging than others but we strive to work past the challenges and provide quality finished products.

The contract with Parsons Global Services to build 142 Primary Health Care facilities (PHC) is one example of a challenging project. Parson's contracted to complete 142 PHCs located throughout the country. The contract funds were being exhausted at a faster rate than construction placement was occurring. Parsons was incurring costs even though actual work on the PHCs was sporadic. They had to deal with an environment where their Iraqi subcontractors were being killed or their family members threatened. It was extremely difficult to get the subcontractors to work consistently.

GRD and Parsons met on several occasions to determine how to complete the work within the budget and schedule. PCO and GRD attempted to "cure" the situation involving senior leadership from both the Government and Parsons. Unfortunately Parsons was unable to complete the work within the budget and schedule. It was

determined that under the circumstances the best course of action was to terminate Parson's contract on all but 20 PHCs and to honor the U.S. Government's commitment by pursuing other means to complete the remaining PHCs. Although Parsons is ultimately only responsible to complete 20 PHCs most of the remaining PHCs were at some degree of completion. Working with the State Department, contracts were issued to complete the remaining 122 PHCs.

At this time all 142 PHCs are either completed or under contract. 122 of the PHCs are contracted directly to local firms using firm fixed price contracts. The total cost will exceed the original budget but will be far less than if we continued with the original contract. Contracting directly with the Iraqi firms is far more cost effective due to the fact that they are able to execute the contract more efficiently in the perilous environment with lower overhead.

Initially in 2004 the large cost plus contracts were viewed as the best course of action given the situation on the ground and scope of the work that needed to be done. As the situation evolved, and it became evident that more Iraqi firms were able to compete and work as prime contractors, the U.S. Government began to shift resources directly to these local firms. The Joint Contracting Command – Iraq and GRD have been contracting directly with local firms on projects for some time now. We continue to provide construction oversight on these contracts. Iraqi firms attract less attention and over all are able to provide quality and timely construction at much less cost.

Our program is yielding positive, tangible results every day while significantly improving the lives of the Iraqi people by adding infrastructure improvements and increasing local capacity. Certainly, the work in Iraq is challenging and difficult, but reconstruction efforts are a vital component to Iraq's progress toward democracy. Currently the Gulf Region Division is integrally involved with Operation Together Forward

in order to improve the essential services and quality of life for Iraqis living in Baghdad. This combined endeavor between the Iraqi police, the Iraqi army and the Multinational Division-Baghdad, seeks to reduce violence in Baghdad and reinforce the government's control of the city.

Reconstruction Liaison Teams are deployed to neighborhoods identified by the Joint Operations Center as being "priority areas" and are assessing projects that will improve the quality of life in the communities -- short-term projects such as trash removal; and long-term projects such as sewage, water and electricity.

This month GRD and JCC-I will complete the obligation of the last of the Iraq Relief and Reconstruction Funds. We anticipate the GRD program in FY 2007 will exceed \$2B in the execution of reconstruction contracts awarded before September 30, 2006. The GRD organization will be tailored, as it has been since its inception, to meet the needs of the program and funding provided. We will continue to rely on volunteers willing to step into harms way in Iraq on this important mission.

Mr. Chairman, The U.S. Army Corps of Engineers stands ready to continue support for the Global War on Terror and I would be happy to answer any questions you may have.